CONFERENCE COMMITTEE REPORT
DIGEST FOR ESB 501

Citations Affected: IC 6-1.1-19-1.5; IC 6-1.1-19-12; IC 20-5.5; IC 20-6.1-4-15; IC 20-8.1-9-3; IC 21-1-30-0.5; IC 21-2-15-3; IC 21-3; IC 20-5.5-7-2.

Synopsis: Charter schools. Conference committee report to ESB 501. Specifies that the school employees of a conversion charter school cannot have their benefits or employment with the school corporation that sponsored the charter school terminated. Allows a school corporation to increase its maximum levy by the amount of any local funding provided to a charter school. Excludes the levy increase from the school corporation's previous year revenue and tuition support calculation. Requires the department of local government finance to inform each county auditor of the amount of local funding to distribute to a charter school. Creates a separate average daily membership ("ADM") count for a charter school. Provides that all university sponsors together may sponsor not more than five charter schools each year. Provides that a university may not sponsor a charter school in Marion County. Requires a university to conduct a public meeting in the county where the university intends to sponsor a charter school. Prohibits the mayor of a consolidated city from banking charter schools from 2003 through 2005. Requires the department of education ("department") to distribute tuition support and other state funding to a charter school beginning in the second semester of the charter school's operation. Requires the department to provide the department of local government finance information necessary to calculate a charter school's share of local funding. Provides that the school corporation in which a conversion charter school is located provides state funding and a proportionate share of local funding to the conversion charter school during its first semester of operation. Requires the organizer of a charter school to apply for federal funding. Allows a charter school to borrow from the common school fund for first semester operational costs and operational costs associated with a growth in enrollment of at least 15%. Provides for repayment of any outstanding obligation from the common school fund of a charter school that terminates operation. Provides that the at risk and complexity indices for a charter school are the at risk and complexity indices of the school corporation in which the charter school is located. Provides that the at risk and complexity indices for Campagna Academy Charter School are the weighted averages of the at risk and complexity indices of the school corporations in which the charter school's students have legal settlement. Includes charter schools in the following categorical distributions: (1) free lunch and textbook reimbursement; (2) primetime; (3) at risk; (4) growing enrollment; (5) academic honors

diploma; (6) special education; and (7) vocational education. Forgives outstanding obligations of charter schools from the abandoned property fund. States the intent of the general assembly to fund charter schools under the same formula as other school corporations. **(This conference committee report: (1) removes the requirement that a county auditor include in each property tax statement the amount of the school general fund tax levy attributable to a charter school; (2) provides that all university sponsors together may sponsor not more than five charter schools each year through June 30, 2005; (3) removes limits on the total number of charter schools and on the number of conversion charter schools; (4) provides that a university may not sponsor a charter school in Marion County; (5) requires a university to conduct a public meeting in the county where the university intends to sponsor a charter school; (6) prohibits the mayor of a consolidated city from banking charter schools from 2003 through 2005; (7) removes the requirement that the scorer of an examination required for licensure as a teacher or school administrator provide certain information to an individual who did not pass all or part of the examination; (8) removes the $4,000,000 annual cap on loans from the charter school advancement account; (9) provides that the at risk and complexity indices for a charter school are the at risk and complexity indices of the school corporation in which the charter school is located; (10) provides that the at risk and complexity indices for Campagna Academy Charter School are the weighted averages of the at risk and complexity indices of the school corporations in which the charter school's students have legal settlement; and (11) states the intent of the general assembly to fund charter schools under the same formula as other school corporations.)**

Effective: Upon passage; January 1, 2002 (retroactive); January 1, 2003 (retroactive); July 1, 2003.

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT:

Your Conference Committee appointed to confer with a like committee from the House upon Engrossed House Amendments to Engrossed Senate Bill No. 501 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the Senate recede from its dissent from all House amendments and that the Senate now concur in all House amendments to the bill and that the bill be further amended as follows:

1   Delete everything after the enacting clause and insert the following:
2   SECTION 1. IC 6-1.1-19-1.5, AS AMENDED BY HEA 1001-2003,
3   SECTION 136, IS AMENDED TO READ AS FOLLOWS
4   [EFFECTIVE JULY 1, 2003]: Sec. 1.5. (a) The following definitions
5   apply throughout this section and IC 21-3-1.7:
6   (1) "Adjustment factor" means the adjustment factor determined by
7   the department of local government finance for a school
8   corporation under IC 6-1.1-34.
9   (2) "Adjusted target property tax rate" means:
10   (A) the school corporation's target general fund property tax rate
11   determined under IC 21-3-1.7-6.8; multiplied by
12   (B) the school corporation's adjustment factor.
13   (3) "Previous year property tax rate" means the school
14   corporation's previous year general fund property tax rate after the
15   reductions cited in IC 21-3-1.7-5(1), IC 21-3-1.7-5(2), and
16   IC 21-3-1.7-5(3).
17   (b) Except as otherwise provided in this chapter, a school corporation
18   may not, for a calendar year beginning after December 31, 2004,
19   impose a general fund ad valorem property tax levy which exceeds the
20   following:
21   STEP ONE: Determine the result of:
22   (A) the school corporation's adjusted target property tax rate;

1   minus
2   (B) the school corporation's previous year property tax rate.
3   STEP TWO: If the school corporation's adjusted target property tax
4   rate:
5   (A) exceeds the school corporation's previous year property tax
6   rate, perform the calculation under STEP THREE and not under
7   STEP FOUR;
8   (B) is less than the school corporation's previous year property
9   tax rate, perform the calculation under STEP FOUR and not
10   under STEP THREE; or
11   (C) equals the school corporation's previous year property tax
12   rate, determine the levy resulting from using the school
13   corporation's adjusted target property tax rate and do not perform
14   the calculation under STEP THREE or STEP FOUR.
15   STEP THREE: Determine the levy resulting from using the school
16   corporation's previous year property tax rate after increasing the
17   rate by the lesser of:
18   (A) the STEP ONE result; or
19   (B) five cents ($0.05).
20   STEP FOUR: Determine the levy resulting from using the school
21   corporation's previous year property tax rate after reducing the rate
22   by the lesser of:
23   (A) the absolute value of the STEP ONE result; or
24   (B) five cents ($0.05).
25   STEP FIVE: Determine the result of:
26   (A) the STEP TWO (C), STEP THREE, or STEP FOUR result,
27   whichever applies; plus
28   (B) an amount equal to the annual decrease in federal aid to
29   impacted areas from the year preceding the ensuing calendar
30   year by three (3) years to the year preceding the ensuing calendar
31   year by two (2) years.
32   The maximum levy is to include the portion of any excessive levy
33   and the levy for new facilities.
34   **STEP SIX: Determine the result of:**
35   **(A) the STEP FIVE result; plus**
36   **(B) the product of:**
37   **(i) the weighted average of the amounts determined under**
38   **IC 21-3-1.7-6.7(e) STEP NINE for all charter schools**
39   **attended by students who have legal settlement in the**
40   **school corporation; multiplied by**
41   **(ii) thirty-five hundredths (0.35).**
42   **In determining the number of students for purposes of this**
43   **STEP, each kindergarten pupil shall be counted as one-half**
44   **(1/2) pupil.**
45   **The result determined under this STEP may not be included in**
46   **the school corporation's adjusted base levy for the year**
47   **following the year in which the result applies or in the school**
48   **corporation's determination of tuition support.**
49   (c) For purposes of this section, "total assessed value", as adjusted
50   under subsection (d), with respect to a school corporation means the
51   total assessed value of all taxable property for ad valorem property

1 taxes first due and payable during that year.
2 (d) The department of local government finance may adjust the total
3 assessed value of a school corporation to eliminate the effects of
4 appeals and settlements arising from a statewide general reassessment
5 of real property.
6 (e) The department of local government finance shall annually
7 establish an assessment ratio and adjustment factor for each school
8 corporation to be used upon the review and recommendation of the
9 budget committee. The information compiled, including background
10 documentation, may not be used in a:
11 (1) review of an assessment under IC 6-1.1-8, IC 6-1.1-13,
12 IC 6-1.1-14, or IC 6-1.1-15;
13 (2) petition for a correction of error under IC 6-1.1-15-12; or
14 (3) petition for refund under IC 6-1.1-26.
15 (f) All tax rates shall be computed by rounding the rate to the nearest
16 one-hundredth of a cent ($0.0001). All tax levies shall be computed by
17 rounding the levy to the nearest dollar amount.
18 (g) For the calendar year beginning January 1, 2004, and ending
19 December 31, 2004, a school corporation may impose a general fund
20 ad valorem property tax levy in the amount determined under STEP
21 SEVEN of the following formula:
22 STEP ONE: Determine the quotient of:
23   (A) the school corporation's 2003 assessed valuation; divided by
24   (B) the school corporation's 2002 assessed valuation.
25 STEP TWO: Determine the greater of zero (0) or the difference
26   between:
27   (A) the STEP ONE amount; minus
28   (B) one (1).
29 STEP THREE: Determine the lesser of eleven-hundredths (0.11)
30   or the product of:
31   (A) the STEP TWO amount; multiplied by
32   (B) eleven-hundredths (0.11).
33 STEP FOUR: Determine the sum of:
34   (A) the STEP THREE amount; plus
35   (B) one (1).
36 STEP FIVE: Determine the product of:
37   (A) the STEP FOUR amount; multiplied by
38   (B) the school corporation's general fund ad valorem property tax
39   levy for calendar year 2003.
40 STEP SIX: Determine the lesser of:
41   (A) the STEP FIVE amount; or
42   (B) the levy resulting from using the school corporation's
43   previous year property tax rate after increasing the rate by five
44   cents ($0.05).
45 STEP SEVEN: Determine the result of:
46   (A) the STEP SIX amount; plus
47   (B) an amount equal to the annual decrease in federal aid to
48   impacted areas from the year preceding the ensuing calendar
49   year by three (3) years to the year preceding the ensuing calendar
50   year by two (2) years.
51 The maximum levy is to include the part of any excessive levy and

1   the levy for new facilities.

2   **STEP EIGHT: Determine the result of:**

3   **(A) the STEP SEVEN result; plus**

4   **(B) the product of:**

5   **(i) the weighted average of the amounts determined under**

6   **IC 21-3-1.7-6.7(e) STEP NINE for all charter schools**

7   **attended by students who have legal settlement in the**

8   **school corporation; multiplied by**

9   **(ii) thirty-five hundredths (0.35).**

10   **In determining the number of students for purposes of this**

11   **STEP, each kindergarten pupil shall be counted as one-half**

12   **(1/2) pupil.**

13   **The result determined under this STEP may not be included in**

14   **the school corporation's adjusted base levy for the year**

15   **following the year in which the result applies or in the school**

16   **corporation's determination of tuition support.**

17   SECTION 2. IC 6-1.1-19-12 IS ADDED TO THE INDIANA CODE

18   AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE

19   JANUARY 1, 2003 (RETROACTIVE)]: **Sec. 12. (a) Not later than**

20   **the date on which the department of local government finance**

21   **certifies a final action under IC 6-1.1-17-16, the department of**

22   **local government finance shall provide to each county auditor the**

23   **amount determined under IC 20-5.5-7-3(c)(6) for each charter**

24   **school attended by a student who has legal settlement in both the**

25   **county and a school corporation located in the county.**

26   **(b) This subsection applies beginning with the first distribution**

27   **of property taxes to a school corporation after December 31, 2003.**

28   **At the same time a county auditor distributes property taxes to a**

29   **school corporation, the county auditor shall distribute to a charter**

30   **school the amount described in subsection (a) for the charter**

31   **school.**

32   **(c) A distribution of property taxes to a school corporation does**

33   **not include an amount distributed under subsection (b).**

34   SECTION 3. IC 20-5.5-1-1.3 IS ADDED TO THE INDIANA CODE

35   AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE

36   JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 1.3. "ADM of the**

37   **previous year" or "ADM of the prior year" has the meaning set**

38   **forth in IC 21-3-1.6-1.1(m).**

39   SECTION 4. IC 20-5.5-1-1.5 IS ADDED TO THE INDIANA CODE

40   AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE

41   JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 1.5. "Average daily**

42   **membership" or "ADM" has the meaning set forth in**

43   **IC 21-3-1.6-1.1(d).**

44   SECTION 5. IC 20-5.5-1-5.5 IS ADDED TO THE INDIANA CODE

45   AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE

46   JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 5.5. "Current ADM"**

47   **has the meaning set forth in IC 21-3-1.6-1.1(n).**

48   SECTION 6. IC 20-5.5-3-13, AS ADDED BY P.L.100-2001,

49   SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

50   UPON PASSAGE]: Sec. 13. (a) This section applies to university

51   sponsors.

1   (b) The ultimate responsibility for choosing to sponsor a charter
2   school and responsibilities for maintaining sponsorship shall rest with
3   the university's board of trustees.

4   (c) Notwithstanding subsection (b), the university's board of trustees
5   may vote to assign sponsorship authority and sponsorship
6   responsibilities to another person or entity that functions under the
7   direction of the university's board. Any decisions made under this
8   subsection shall be communicated in writing to the department of
9   education and the charter school review panel.

10   **(d) Before a university may sponsor a charter school, the**
11   **university must conduct a public meeting with public notice in the**
12   **county where the charter school will be located.**

13   **(e) A university may not sponsor a charter school in Marion**
14   **County. This subsection expires June 30, 2005.**

15   **(f) The total number of charter schools that may be approved**
16   **and opened in a calendar year by all university sponsors may not**
17   **exceed five (5). This subsection expires June 30, 2005.**

18   SECTION 7. IC 20-5.5-3-14, AS AMENDED BY P.L.1-2002,
19   SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
20   JANUARY 1, 2003 (RETROACTIVE)]: Sec. 14. (a) This section
21   applies to charter schools sponsored by the mayor of a consolidated
22   city.

23   (b) The number of charter schools may not be more than five (5)
24   during the 2001 calendar year.

25   (c) During each year after calendar year 2001, the maximum number
26   of charter schools is greater by five (5) than the maximum number for
27   the previous year.

28   (d) The limits resulting from subsections (b) and (c) shall be
29   cumulative from year to year. **However, there shall be no**
30   **accumulation from January 1, 2003, through December 31, 2005.**

31   SECTION 8. IC 20-5.5-6-1, AS ADDED BY P.L.100-2001,
32   SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
33   JULY 1, 2003]: Sec. 1. **(a) Except as provided in subsection (b),**
34   individuals who work at a charter school are employees of the charter
35   school or of an entity with which the charter school has contracted to
36   provide services.

37   **(b) Teachers in a conversion charter school are employees of**
38   **both the charter school and the school corporation that sponsored**
39   **the charter school. For purposes of the collective bargaining**
40   **agreement, conversion charter school teachers are considered**
41   **employees of the school corporation that sponsored the charter**
42   **school.**

43   **(c) All benefits accrued by teachers as employees of the**
44   **conversion charter school are the financial responsibility of the**
45   **conversion charter school. The conversion charter school is**
46   **required to pay those benefits directly or to reimburse the school**
47   **corporation for the cost of the benefits.**

48   **(d) All benefits accrued by a teacher during the time that the**
49   **teacher was an employee only of the school corporation that**
50   **sponsored the charter school are the financial responsibility of the**
51   **school corporation. The school corporation is required to pay those**

benefits directly or to reimburse the conversion charter school for the cost of the benefits.

(e) For any other purpose, a teacher is an employee of the charter school.

SECTION 9. IC 20-5.5-7-3, AS ADDED BY P.L.100-2001, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: Sec. 3. (a) Not later than the date established by the department for determining average daily membership under IC 21-3-1.6-1.1(d), **and after May 31,** the organizer shall submit to the department the following information **on a form prescribed by the department:**

(1) The number of students enrolled in the charter school.

(2) The name **and address** of each student. ~~and~~

(3) The name of the school corporation in which the student ~~resides.~~ **has legal settlement.**

(4) The name of the school corporation, if any, that the student attended during the immediately preceding school year.

(5) The grade level in which the student will enroll in the charter school.

The department shall verify the accuracy of the information reported.

(b) ~~After verifying the accuracy of the information reported under subsection (a),~~ **This subsection applies after December 31 of the calendar year in which a charter school begins its initial operation.** The department shall distribute ~~the following~~ to the organizer

~~(1) Tuition support and other state funding for any purpose for students in the charter school.~~

~~(2) A proportionate share of state and federal funds received for students with disabilities or staff services for students with disabilities for the students with disabilities enrolled in the charter school.~~

~~(3) A proportionate share of funds received under federal or state categorical aid programs for students who are eligible for the federal or state aid enrolled in the charter school.~~ **the amount determined under IC 21-3-1.7 for the charter school. The department shall make a distribution under this subsection at the same time and in the same manner as the department makes a distribution under IC 21-3-1.7.**

~~(c) Not later than the date established by the department for determining average daily membership under IC 21-3-1.6-1.1(d), the organizer shall submit to each governing body a report of the total number and names of students from the governing body's school corporation enrolled in the charter school. Upon verifying the accuracy of the information reported, the governing body shall distribute to the organizer a proportionate share of local support for the students enrolled in the charter school in an amount determined under STEP THREE of the following formula:~~

~~STEP ONE: Add the revenues obtained by the school corporation's:~~

~~(A) general fund property tax levy; and~~

~~(B) general fund auto excise and financial institutions tax.~~

STEP TWO: ~~Divide the sum determined under STEP ONE by the~~
~~total number of students enrolled in the school corporation.~~
STEP THREE: ~~Multiply the quotient determined under STEP~~
~~TWO by the number of students enrolled in the charter school.~~
~~(d) The distribution under subsection (b) shall be made on the same~~
~~schedule as the schedule on which the school corporation receives the~~
~~funds.~~

(c) The department shall provide to the department of local government finance the following information:

(1) For each county, the number of students who:

(A) have legal settlement in the county; and

(B) attend a charter school.

(2) The school corporation in which each student described in subdivision (1) has legal settlement.

(3) The charter school that a student described in subdivision (1) attends and the county in which the charter school is located.

(4) The amount determined under IC 6-1.1-19-1.5(g) STEP EIGHT for 2004 and IC 6-1.1-19-1.5(b) STEP SIX for 2005 for each school corporation described in subdivision (2).

(5) The amount determined under STEP TWO of the following formula:

STEP ONE: Determine the product of:

(A) the amount determined under IC 21-3-1.7-6.7(d) or IC 21-3-1.7-6.7(e) for a charter school described in subdivision (3); multiplied by

(B) thirty-five hundredths (0.35).

STEP TWO: Determine the product of:

(A) the STEP ONE amount; multiplied by

(B) the current ADM of a charter school described in subdivision (3).

(6) The amount determined under STEP THREE of the following formula:

STEP ONE: Determine the number of students described in subdivision (1) who:

(A) attend the same charter school; and

(B) have legal settlement in the same school corporation located in the county.

STEP TWO: Determine the subdivision (5) STEP ONE amount for a charter school described in STEP ONE (A).

STEP THREE: Determine the product of:

(A) the STEP ONE amount; multiplied by

(B) the STEP TWO amount.

SECTION 10. IC 20-5.5-7-3.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]: **Sec. 3.5. (a) This section applies to a conversion charter school.**

(b) Not later than the date established by the department for determining average daily membership under IC 21-3-1.6-1.1(d), and after July 2, the organizer shall submit to a governing body on a form prescribed by the department the information reported

under section 3(a) of this chapter for each student who:
  (1) is enrolled in the organizer's conversion charter school; and
  (2) has legal settlement in the governing body's school corporation.
 (c) Beginning not more than sixty (60) days after the department receives the information reported under section 3(a) of this chapter, the department shall distribute to the organizer:
  (1) tuition support and other state funding for any purpose for students enrolled in the conversion charter school;
  (2) a proportionate share of state and federal funds received for students with disabilities or staff services for students with disabilities for students with disabilities enrolled in the conversion charter school; and
  (3) a proportionate share of funds received under federal or state categorical aid programs for students who are eligible for the federal or state categorical aid and are enrolled in the conversion charter school;
for the second six (6) months of the calendar year in which the conversion charter school is established. The department shall make a distribution under this subsection at the same time and in the same manner as the department makes a distribution to the governing body of the school corporation in which the conversion charter school is located. A distribution to the governing body of the school corporation in which the conversion charter school is located is reduced by the amount distributed to the conversion charter school. This subsection does not apply to a conversion charter school after December 31 of the calendar year in which the conversion charter school is established.
 (d) This subsection applies beginning with the first property tax distribution described in IC 6-1.1-27-1 to the governing body of the school corporation in which a conversion charter school is located after the governing body receives the information reported under subsection (b). Not more than ten (10) days after the governing body receives a property tax distribution described in IC 6-1.1-27-1, the governing body shall distribute to the conversion charter school the amount determined under STEP THREE of the following formula:
  STEP ONE: Determine the quotient of:
   (A) the number of students who:
    (i) are enrolled in the conversion charter school; and
    (ii) were counted in the ADM of the previous year for the school corporation in which the conversion charter school is located; divided by
   (B) the current ADM of the school corporation in which the conversion charter school is located.
  In determining the number of students enrolled under clause (A)(i), each kindergarten pupil shall be counted as one-half (1/2) pupil.
  STEP TWO: Determine the total amount of the following revenues to which the school corporation in which the conversion charter school is located is entitled for the second

1 six (6) months of the calendar year in which the conversion
2 charter school is established:
3   (A) Revenues obtained by the school corporation's:
4   (i) general fund property tax levy; and
5   (ii) excise tax revenue (as defined in IC 21-3-1.7-2).
6   (B) The school corporation's certified distribution of county
7   adjusted gross income tax revenue under IC 6-3.5-1.1 that is
8   to be used as property tax replacement credits.
9 STEP THREE: Determine the product of:
10   (A) the STEP ONE amount; multiplied by
11   (B) the STEP TWO amount.
12 (e) Subsection (d) does not apply to a conversion charter school
13 after the later of the following dates:
14   (1) December 31 of the calendar year in which the conversion
15   charter school is established.
16   (2) Ten (10) days after the date on which the governing body of
17   the school corporation in which the conversion charter school
18   is located receives the final distribution described in
19   IC 6-1.1-27-1 of revenues to which the school corporation in
20   which the conversion charter school is located is entitled for
21   the second six (6) months of the calendar year in which the
22   conversion charter school is established.
23 (f) This subsection applies during the second six (6) months of the
24 calendar year in which a conversion charter school is established.
25 A conversion charter school may apply for an advance from the
26 charter school advancement account under IC 20-5.5-7.5 in the
27 amount determined under STEP FOUR of the following formula:
28   STEP ONE: Determine the result under subsection (d) STEP
29   ONE (A).
30   STEP TWO: Determine the difference between:
31   (A) the conversion charter school's current ADM; minus
32   (B) the STEP ONE amount.
33   STEP THREE: Determine the quotient of:
34   (A) the STEP TWO amount; divided by
35   (B) the conversion charter school's current ADM.
36   STEP FOUR: Determine the product of:
37   (A) the STEP THREE amount; multiplied by
38   (B) the quotient of:
39   (i) the subsection (d) STEP TWO amount; divided by
40   (ii) two (2).
41   SECTION 11. IC 20-5.5-7-4, AS AMENDED BY P.L.1-2002,
42 SECTION 84, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
43 JANUARY 1, 2003 (RETROACTIVE)]: Sec. 4. (a) Services that a
44 school corporation provides to a charter school, including
45 transportation, may be provided at not more than one hundred three
46 percent (103%) of the actual cost of the services.
47   (b) This subsection applies to a sponsor that is a state educational
48 institution described in IC 20-5.5-1-15(1)(B). In a calendar year, a
49 state educational institution may receive from the organizer of a charter
50 school sponsored by the state educational institution an administrative
51 fee equal to not more than three percent (3%) of the total amount the

1   **ADM is at least one and fifteen-hundredths (1.15).**

2   **Sec. 3. The board shall advance money to charter schools from**

3   **the charter school advancement account to be used for operational**

4   **costs.**

5   **Sec. 4. (a) The amount of an advance under section 3 of this**

6   **chapter for operational costs described in section 2(1) of this**

7   **chapter may not exceed the amount determined under STEP**

8   **THREE of the following formula:**

9   **STEP ONE: Determine the product of:**

10   **(A) the charter school's enrollment reported under**

11   **IC 20-5.5-7-3(a); multiplied by**

12   **(B) the target revenue per ADM determined under**

13   **IC 21-3-1.7-6.7(d) or IC 21-3-1.7-6.7(e) for the charter**

14   **school.**

15   **STEP TWO: Determine the quotient of:**

16   **(A) the STEP ONE amount; divided by**

17   **(B) two (2).**

18   **STEP THREE: Determine the product of:**

19   **(A) the STEP TWO amount; multiplied by**

20   **(B) one and fifteen-hundredths (1.15).**

21   **(b) The amount of an advance under section 3 of this chapter for**

22   **operational costs described in section 2(2) of this chapter may not**

23   **exceed the amount determined under STEP FOUR of the following**

24   **formula:**

25   **STEP ONE: Determine the quotient of:**

26   **(A) the target revenue per ADM determined under**

27   **IC 21-3-1.7-6.7(d) or IC 21-3-1.7-6.7(e) for the charter**

28   **school; divided by**

29   **(B) two (2).**

30   **STEP TWO: Determine the difference between:**

31   **(A) the charter school's current ADM; minus**

32   **(B) the charter school's ADM of the previous year.**

33   **STEP THREE: Determine the product of:**

34   **(A) the STEP ONE amount; multiplied by**

35   **(B) the STEP TWO amount.**

36   **STEP FOUR: Determine the product of:**

37   **(A) the STEP THREE amount; multiplied by**

38   **(B) one and fifteen-hundredths (1.15).**

39   **Sec. 5. (a) Money advanced to a charter school under this chapter**

40   **may be advanced for a period not to exceed twenty (20) years. A**

41   **charter school to which money is advanced under this chapter must**

42   **pay interest on the advance at the rate determined under section 6**

43   **of this chapter. The board shall provide that the advances are**

44   **prepayable by the charter school or by the general assembly at any**

45   **time.**

46   **(b) This subsection applies if the general assembly prepays an**

47   **advance of money under this chapter. Any prepayment under this**

48   **subsection must be deducted from the amount appropriated for**

49   **distributions under IC 21-3-1.7.**

50   **(c) The board, after consulting with the department and upon**

51   **approval of the budget agency, shall establish the terms of an**

1   **advance before the date on which the advance is made. The terms**
2   **must include a provision allowing the state to withhold funds due**
3   **to a charter school to which an advance is made until the advance,**
4   **including interest accrued on the advance, is paid.**
5   **Sec. 6. The state board of finance shall establish periodically the**
6   **rate of interest payable on advances of money under this chapter.**
7   **An interest rate established under this section may not:**
8   **(1) be less than one percent (1%); and**
9   **(2) exceed four percent (4%).**
10   **Sec. 7. (a) To ensure timely payment of an advance under this**
11   **chapter according to the terms of the advance, the state may**
12   **withhold from funds due to the charter school to which the**
13   **advance is made an amount necessary to pay the advance and the**
14   **interest on the advance.**
15   **(b) If the state withholds funds under subsection (a), the state**
16   **first shall withhold funds from the distribution of state tuition**
17   **support to the charter school to which the advance is made. If the**
18   **tuition support distribution is unavailable or inadequate, the state**
19   **may withhold funds from any other distribution of state funds to**
20   **the charter school.**
21   **Sec. 8. A charter school that desires to obtain an advance under**
22   **this chapter must submit an application to the board on a form**
23   **prescribed by the board after consulting with the department and**
24   **the budget agency for the board to determine the amount of the**
25   **advance.**
26   **Sec. 9. (a) An advance under this chapter to a charter school is**
27   **not an obligation of the charter school within the meaning of any**
28   **constitutional limitation on or prohibition against indebtedness.**
29   **This chapter does not relieve the organizer of the charter school to**
30   **qualify the charter school for state tuition support.**
31   **(b) An agreement with the board to collect and pay over amounts**
32   **deducted from state tuition support for the benefit of another party**
33   **is not a debt of the state within the meaning of any constitutional**
34   **limitation on or prohibition against state indebtedness.**
35   **Sec. 10. Priority of advances for operational costs must be on a**
36   **basis determined by the board after consulting with the**
37   **department and the budget agency.**
38   SECTION 15. IC 20-5.5-8-5, AS ADDED BY P.L.100-2001,
39   SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
40   JANUARY 1, 2002 (RETROACTIVE)]: Sec. 5. The following statutes
41   and rules and guidelines adopted under the following statutes apply to
42   a charter school:
43   (1) IC 5-11-1-9 (required audits by the state board of accounts).
44   (2) IC 20-1-1.5 (unified accounting system).
45   (3) IC 20-1-6 (special education).
46   (4) IC 20-5-2-7 and IC 20-6.1-3-7.1 (criminal history).
47   (5) IC 20-5-2-3 (subject to laws requiring regulation by state
48   agencies).
49   (6) IC 20-6.1-4-15 (void teacher contract when two (2) contracts
50   are signed).
51   (7) IC 20-6.1-6-11 (nondiscrimination for teacher marital status).

1   (8) IC 20-6.1-6-13 (teacher freedom of association).
2   (9) IC 20-6.1-6-15 (school counselor immunity).
3   (10) For conversion charter schools only, IC 20-6.1-4, IC 20-6.1-5
4   and IC 20-6.1-6.
5   (11) IC 20-8.1-3 (compulsory school attendance).
6   (12) IC 20-8.1-4 (limitations on employment of children).
7   (13) IC 20-8.1-5.1-13, IC 20-8.1-5.1-15, and IC 20-8.1-5.1-15.5
8   (student due process and judicial review).
9   (14) IC 20-8.1-5.1-10 (firearms and deadly weapons).
10   (15) IC 20-8.1-7 and IC 20-8.1-8 (health and safety measures).
11   (16) IC 20-8.1-9-3 (exemption from school fees for eligible
12   families and fee reimbursement).
13   (17) IC 20-8.1-9-5 (notice to parents concerning financial
14   assistance).
15   (18) **(16)** IC 20-8.1-12 (reporting of student violations of law).
16   (19) **(17)** IC 20-10.1-2-4 and IC 20-10.1-2-6 (patriotic
17   commemorative observances).
18   (20) **(18)** IC 20-10.1-16, IC 20-10.1-17, or any other statute, rule,
19   or guideline related to standardized testing (assessment programs,
20   including remediation under the assessment programs).
21   (21) **(19)** IC 20-10.1-22.4 (parental access to education records).
22   (22) **(20)** IC 20-10.2 (accountability for school performance and
23   improvement).
24   SECTION 16. IC 20-6.1-4-15 IS AMENDED TO READ AS
25 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 15. **(a)** Void
26 Contract) When Two Contracts Are Signed. A contract entered into
27 after August 15 between a school corporation and a teacher is void if
28 the teacher, at the time of signing the contract, is bound by a previous
29 contract to teach in a public school. However, another contract may be
30 signed by the teacher which will be effective if **the teacher:**
31   (1) he furnishes the governing body a release by the employers
32   under the previous contract; or
33   (2) he shows proof that twenty-one (21) days' written notice was
34   delivered by the teacher to the first employer.
35 Each governing body may request from the teacher at the time of
36 contracting a written statement as to whether the teacher has signed
37 another teaching contract. However, the teacher's failure to provide the
38 statement is not a cause for subsequently voiding the contract.
39   **(b) This section does not apply to an individual who works at a**
40 **conversion charter school for purposes of the individual's**
41 **employment with the school corporation that sponsored the**
42 **conversion charter school.**
43   SECTION 17. IC 20-8.1-1-1 IS AMENDED TO READ AS
44 FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]:
45 Sec. 1. Definition, "School Corporation". As used in this article, the
46 term "school corporation" means any public school corporation
47 established by and under the laws of the state of Indiana. The term
48 includes, but is not necessarily limited to, any school city, school town,
49 school township, consolidated school corporation, metropolitan school
50 district, township school corporation, county school corporation, united
51 school corporation or any community school corporation. **For**

1   **purposes of IC 20-8.1-9, the term includes a charter school.**
2   SECTION 18. IC 20-8.1-1-2 IS AMENDED TO READ AS
3   FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]:
4   Sec. 2. As used in this article, the term "governing body" means any
5   township trustee and the township board of a school township, any
6   board of school commissioners, any metropolitan board of education,
7   any board of trustees or any other board or commission charged by law
8   with the responsibility of administering the affairs of a school
9   corporation. **For purposes of IC 20-8.1-9, the term includes the**
10 **organizer of a charter school.**
11   SECTION 19. IC 20-8.1-9-3 IS AMENDED TO READ AS
12 FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]:
13 Sec. 3. (a) If a parent of a child or an emancipated minor who is
14 enrolled in a public school, in grades K-12, meets the financial
15 eligibility standard under section 2 of this chapter, the parent or the
16 emancipated minor may not be required to pay the fees for school
17 books, supplies, or other required class fees. Such fees shall be paid by
18 the school corporation ~~in~~ which the child ~~resides.~~ **attends.**
19   (b) The school corporation may apply for a reimbursement under
20 section 9 of this chapter from the department of the costs incurred
21 under subsection (a).
22   (c) To the extent the reimbursement received by the school
23 corporation is less than the textbook rental fee assessed for textbooks
24 that have been adopted under IC 20-10.1-9-1 or waived under
25 IC 20-10.1-9-27, the school corporation may request that the parent or
26 emancipated minor pay the balance of this amount.
27   SECTION 20. IC 21-1-4-1 IS AMENDED TO READ AS FOLLOWS
28 [EFFECTIVE JULY 1, 2003]: Sec. 1. (a) It is the duty of the general
29 assembly under the Constitution of the State of Indiana to encourage by
30 all suitable means moral, intellectual, scientific, and agricultural
31 improvement and to provide, by law, for a general and uniform system
32 of common schools, wherein tuition shall be without charge, and
33 equally open to all.
34   (b) It is the intent of the general assembly that:
35   (1) the common school fund should be used to:
36   **(A)** assist school corporations and school townships in financing
37   their school building construction and educational technology
38   programs; **and**
39   **(B) assist charter schools in financing their operations;**
40   as authorized by law and under circumstances such that the
41   principal of the fund remains inviolate;
42   (2) to the end described in subdivision (1), the common school
43   fund may be used to make advances to:
44   **(A)** school corporations and school townships under IC 21-1-5;
45   and
46   **(B)   charter   schools   under   IC   20-5.5-7-3.5(f)   and**
47   **IC 20-5.5-7.5; and**
48   (3) this chapter is in furtherance of the duties which are imposed
49   exclusively upon the general assembly by the Constitution of the
50   State of Indiana in connection with the maintenance of a general
51   and uniform system of common schools and the investment and

1   reinvestment of the common school fund and shall be liberally

2   construed to carry out the purposes of the Constitution of the State

3   of Indiana.

4   (c) In addition, the common school fund may be used to make

5   advances under IC 21-1-5.1.

6   SECTION 21. IC 21-1-30-0.5 IS ADDED TO THE INDIANA CODE

7   AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE

8   JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 0.5. As used in this**

9   **chapter, "school corporation" includes a charter school.**

10   SECTION 22. IC 21-2-15-3 IS AMENDED TO READ AS

11   FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]:

12   Sec. 3. As used in this chapter, "school corporation" means school

13   township, school town, school city, or public school corporation. **The**

14   **term does not include a charter school.**

15   SECTION 23. IC 21-3-1.6-1.1, AS AMENDED BY HEA 1001-2003,

16   SECTION 156, IS AMENDED TO READ AS FOLLOWS

17   [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 1.1. As

18   used in this chapter:

19   (a) "School corporation" means any local public school corporation

20   established under Indiana law. **Except as otherwise indicated, the**

21   **term includes a charter school.**

22   (b) "School year" means a year beginning July 1 and ending the next

23   succeeding June 30.

24   (c) "State distribution" due a school corporation means the amount

25   of state funds to be distributed to a school corporation in any calendar

26   year under this chapter.

27   (d) "Average daily membership" or "ADM" of a school corporation

28   means the number of eligible pupils enrolled in the school corporation

29   or in a transferee corporation on a day to be fixed annually by the

30   Indiana state board of education and, beginning in the school year that

31   ends in the 2005 calendar year, as subsequently adjusted not later than

32   January 30 under the rules adopted by the state board of education. The

33   initial day of the count shall fall within the first thirty (30) days of the

34   school term. If, however, extreme patterns of student in-migration,

35   illness, natural disaster, or other unusual conditions in a particular

36   school corporation's enrollment on either the day fixed by the Indiana

37   state board of education or on the subsequent adjustment date, cause

38   the enrollment to be unrepresentative of the school corporation's

39   enrollment throughout a school year, the Indiana state board of

40   education may designate another day for determining the school

41   corporation's enrollment. The Indiana state board of education shall

42   monitor changes that occur after the fall count, in the number of

43   students enrolled in programs for children with disabilities and shall,

44   before December 2 of that same year and, beginning in the 2004

45   calendar year, before April 2 of the following calendar year, make an

46   adjusted count of students enrolled in programs for children with

47   disabilities. The superintendent of public instruction shall certify the

48   December adjusted count to the budget committee before February 5

49   of the following year and the April adjusted count not later than May

50   31 immediately after the date of the April adjusted count. In

51   determining the ADM, each kindergarten pupil shall be counted as

1   one-half (1/2) pupil. Where a school corporation commences
2   kindergarten in a school year, the ADM of the current and prior
3   calendar years shall be adjusted to reflect the enrollment of the
4   kindergarten pupils. In determining the ADM, each pupil enrolled in
5   a public school and a nonpublic school is to be counted on a full-time
6   equivalency basis as provided in section 1.2 of this chapter.

7   (e) "Additional count" of a school corporation, or comparable
8   language, means the aggregate of the additional counts of the school
9   corporation for certain pupils as set out in section 3 of this chapter
10   (repealed) and as determined at the times for calculating ADM.
11   "Current additional count" means the initial computed additional count
12   of the school corporation for the school year ending in the calendar
13   year. "Prior year additional count" of a school corporation used in
14   computing its state distribution in a calendar year means the initial
15   computed additional count of the school corporation for the school year
16   ending in the preceding calendar year.

17   (f) **For purposes of this subsection, "school corporation" does not
18   include a charter school.** "Adjusted assessed valuation" of any school
19   corporation used in computing state distribution for a calendar year
20   means the assessed valuation in the school corporation, adjusted as
21   provided in IC 6-1.1-34. The amount of the valuation shall also be
22   adjusted downward by the department of local government finance to
23   the extent it consists of real or personal property owned by a railroad
24   or other corporation under the jurisdiction of a federal court under the
25   federal bankruptcy laws (11 U.S.C. 101 et seq.) if as a result of the
26   corporation being involved in a bankruptcy proceeding the corporation
27   is delinquent in payment of its Indiana real and personal property taxes
28   for the year to which the valuation applies. If the railroad or other
29   corporation in some subsequent calendar year makes payment of the
30   delinquent taxes, then the state superintendent of public instruction
31   shall prescribe adjustments in the distributions of state funds pursuant
32   to this chapter as are thereafter to become due to a school corporation
33   affected by the delinquency as will ensure that the school corporation
34   will not have been unjustly enriched under the provisions of
35   P.L.382-1987(ss). The amount of the valuation shall also be adjusted
36   downward by the department of local government finance to the extent
37   it consists of real or personal property described in IC 6-1.1-17-0.5(b).

38   (g) "General fund" means a ~~school corporation~~ fund established
39   under IC 21-2-11-2.

40   (h)"Teacher" means every person who is required as a condition of
41   employment by a school corporation to hold a teacher's license issued
42   or recognized by the state, except substitutes and any person paid
43   entirely from federal funds.

44   (i) **For purposes of this subsection, "school corporation" does not
45   include a charter school.** "Teacher ratio" of a school corporation used
46   in computing state distribution in any calendar year means the ratio
47   assigned to the school corporation pursuant to section 2 of this chapter.

48   (j) "Eligible pupil" means a pupil enrolled in a school corporation if:
49   (1) the school corporation has the responsibility to educate the
50   pupil in its public schools without the payment of tuition;
51   (2) subject to subdivision (5), the school corporation has the

1	responsibility to pay transfer tuition under IC 20-8.1-6.1, because
2	the pupil is transferred for education to another school corporation
3	(the "transferee corporation");
4	(3) the pupil is enrolled in a school corporation as a transfer
5	student under IC 20-8.1-6.1-3 or entitled to be counted for ADM
6	or additional count purposes as a resident of the school corporation
7	when attending its schools under any other applicable law or
8	regulation;
9	(4) the state is responsible for the payment of transfer tuition to the
10	school corporation for the pupil under IC 20-8.1-6.1; or
11	(5) all of the following apply:
12	(A) The school corporation is a transferee corporation.
13	(B) The pupil does not qualify as a qualified pupil in the
14	transferee corporation under subdivision (3) or (4).
15	(C) The transferee corporation's attendance area includes a state
16	licensed private or public health care facility, child care facility,
17	or foster family home where the pupil was placed:
18	(i) by or with the consent of the division of family and
19	children;
20	(ii) by a court order;
21	(iii) by a child placing agency licensed by the division of
22	family and children; or
23	(iv) by a parent or guardian under IC 20-8.1-6.1-5.
24	**For purposes of IC 21-3-12, the term includes a student enrolled in**
25	**a charter school.**
26	(k) "General fund budget" of a school corporation means the amount
27	of the budget approved for a given year by the department of local
28	government finance and used by the department of local government
29	finance in certifying a school corporation's general fund tax levy and
30	tax rate for the school corporation's general fund as provided for in
31	IC 21-2-11. **The term does not apply to a charter school.**
32	(l) "At risk index" means the **following:**
33	**(1) For a school corporation that is a not a charter school, the**
34	sum of:
35	~~(1)~~ **(A)** the product of sixteen-hundredths (0.16) multiplied by
36	the percentage of families in the school corporation with children
37	who are less than eighteen (18) years of age and who have a
38	family income below the federal income poverty level (as
39	defined in IC 12-15-2-1);
40	~~(2)~~ **(B)** the product of four-tenths (0.4) multiplied by the
41	percentage of families in the school corporation with a single
42	parent; and
43	~~(3)~~ **(C)** the product of forty-four hundredths (0.44) multiplied by
44	the percentage of the population in the school corporation who
45	are at least twenty (20) years of age with less than a twelfth
46	grade education.
47	The data to be used in making the calculations under this
48	~~subsection~~ **subdivision** must be the data from the ~~1990~~ **2000**
49	federal decennial census.
50	**1.** **(2) For a charter school, the index determined under**
51	**subdivision (1) for the school corporation in which the**

1 **charter school is located.**
2 (m) "ADM of the previous year" or "ADM of the prior year" used in
3 computing a state distribution in a calendar year means the initial
4 computed ADM for the school year ending in the preceding calendar
5 year.
6 (n) "Current ADM" used in computing a state distribution in a
7 calendar year means the initial computed ADM for the school year
8 ending in the calendar year.
9 SECTION 24. IC 21-3-1.6-2 IS AMENDED TO READ AS
10 FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]:
11 Sec. 2. **(a) As used in this section, "school corporation" does not**
12 **include a charter school.**
13 **(b)** To each school corporation there shall be assigned for each
14 calendar year a teacher ratio which shall consist of the average training
15 and experience factor of the school corporation divided by the state
16 training and experience factor for the same year. The training and
17 experience factor of the school corporation for each calendar year shall
18 be calculated by assigning to each of its teachers employed on October
19 1 of the preceding year an index number in accordance with the
20 following table, adding the total index numbers of all teachers in the
21 school corporation and dividing the total by the number of teachers.
22 The state factor shall be similarly calculated for all the teachers
23 employed by the state's school corporations.

	Amount of College Training	Amount of Experience	Index Factor
(a)	Less than 4 years	Not applicable	0.7
(b)	4 years but less than 5 years	Less than 6 years	0.8
		6 years or more	0.9
(c)	5 years or more	Less than 5 years	1.0
		5 years or more but less than 11 years	1.1
		11 years or more but less than 17 years	1.2
		17 years or more	1.3a

38 SECTION 25. IC 21-3-1.7-2, AS AMENDED BY P.L.192-2002(ss),
39 SECTION 164, IS AMENDED TO READ AS FOLLOWS
40 [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 2. As used
41 in this chapter, "excise tax revenue" means the amount of:
42 (1) financial institution excise tax revenue (IC 6-5.5); plus
43 (2) the motor vehicle excise taxes (IC 6-6-5) and the commercial
44 vehicle excise taxes (IC 6-6-5.5);
45 the school corporation received for deposit in the school corporation's
46 general fund in a year. **The excise tax revenue for a charter school**
47 **is zero (0).**
48 SECTION 26. IC 21-3-1.7-3.1, AS AMENDED BY P.L.1-2003,
49 SECTION 68, AND BY HEA 1001-2003, SECTION 157, IS
50 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:
51 Sec. 3.1. (a) As used in this chapter, "previous year revenue" for

1 calculations with respect to a school corporation equals:
2   (1) the school corporation's tuition support for regular programs,
3   including basic tuition support, and excluding:
4   (A) special education grants;
5   (B) vocational education grants;
6   (C) at-risk programs;
7   (D) the enrollment adjustment grant;
8   (E) the academic honors diploma award;
9   (F) the primetime distribution; and
10   (G) for 2005 and thereafter, the supplemental remediation grant;
11   for the year that precedes the current year; plus
12   (2) the school corporation's tuition support levy for the year that
13   precedes the current year before the reductions required under
14   section 5(1) and 5(2) of this chapter; plus
15   (3) distributions received by the school corporation under
16   IC 6-1.1-21.6 for the year that precedes the current year; plus
17   (4) the school corporation's excise tax revenue for the year that
18   precedes the current year by two (2) years; minus
19   (5) an amount equal to the reduction in the school corporation's
20   tuition support under subsection (b) or IC 20-10.1-2-1, or both;
21   plus
22   (6) in calendar year 2003, the amount determined for calendar year
23   2002 under section 8.2 of this chapter, STEP TWO (C); plus
24   (7) in calendar year 2004, the amount determined for calendar year
25   2002 under section 8.2 of this chapter, STEP TWO (D); plus
26   (8) notwithstanding subdivision (1), in calendar year 2004, the
27   school corporation's distribution under section 9.7 of this chapter
28   for calendar year 2003.
29   (b) A school corporation's previous year revenue shall be reduced if:
30   (1) the school corporation's state tuition support for special or
31   vocational education was reduced as a result of a complaint being
32   filed with the department of education after December 31, 1988,
33   because the school program overstated the number of children
34   enrolled in special or vocational education programs; and
35   (2) the school corporation's previous year revenue has not been
36   reduced under this subsection more than one (1) time because of
37   a given overstatement.
38 The amount of the reduction equals the amount the school corporation
39 would have received in tuition support for special and vocational
40 education because of the overstatement.
41   **(c) A school corporation's previous year revenue shall be reduced**
42 **if an existing elementary or secondary school located in the school**
43 **corporation converts to a charter school under IC 20-5.5-11. The**
44 **amount of the reduction equals the product of:**
45   **(1) the sum of the amounts distributed to the conversion**
46   **charter school under IC 20-5.5-7-3.5(c) and IC 20-5.5-7-3.5(d);**
47   **multiplied by**
48   **(2) two (2).**
49   SECTION 27. IC 21-3-1.7-5, AS AMENDED BY P.L.85-2002,
50 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
51 JANUARY 1, 2002 (RETROACTIVE)]: Sec. 5. **(a) As used in this**

1   **section, "school corporation" does not include a charter school.**
2   **(b)** As used in this chapter, "tuition support levy" means with respect
3   to a school corporation for a year the maximum general fund ad
4   valorem property tax levy for the school corporation determined under
5   IC 6-1.1-19-1.5 reduced by the following:
6   (1) An amount equal to the annual decrease in federal aid to
7   impacted areas from the year preceding the ensuing calendar year
8   by three (3) years to the year preceding the ensuing calendar year
9   by two (2) years.
10   (2) The portion of the maximum general fund levy for the year that
11   equals the original amount of the levy imposed by the school
12   corporation to cover the costs of opening a new school facility
13   during the preceding year.
14   SECTION 28. IC 21-3-1.7-6.6, AS AMENDED BY HEA 1001-2003,
15   SECTION 159, IS AMENDED TO READ AS FOLLOWS
16   [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 6.6. **(a)**
17   For purposes of this chapter, a school corporation's "adjusted ADM" for
18   the current year is the result determined under the following formula:
19   STEP ONE: Determine the greatest of the following:
20   (A) The school corporation's ADM for the year preceding the
21   current year by three (3) years.
22   (B) The school corporation's ADM for the year preceding the
23   current year by two (2) years.
24   (C) The school corporation's ADM for the year preceding the
25   current year by one (1) year.
26   (D) The school corporation's ADM for the current year.
27   STEP TWO: Determine the greater of zero (0) or the result of:
28   (A) the school corporation's ADM for the year preceding the
29   current year by four (4) years; minus
30   (B) the STEP ONE amount.
31   STEP THREE: Determine the greatest of the following:
32   (A) The school corporation's ADM for the year preceding the
33   current year by two (2) years.
34   (B) The school corporation's ADM for the year preceding the
35   current year by one (1) year.
36   (C) The school corporation's ADM for the current year.
37   STEP FOUR: Determine the greater of zero (0) or the result of:
38   (A) the school corporation's ADM for the year preceding the
39   current year by three (3) years; minus
40   (B) the STEP THREE amount.
41   STEP FIVE: Determine the greater of the following:
42   (A) The school corporation's ADM for the year preceding the
43   current year by one (1) year.
44   (B) The school corporation's ADM for the current year.
45   STEP SIX: Determine the greater of zero (0) or the result of:
46   (A) the school corporation's ADM for the year preceding the
47   current year by two (2) years; minus
48   (B) the STEP FIVE amount.
49   STEP SEVEN: Determine the greater of zero (0) or the result of:
50   (A) the school corporation's ADM for the year preceding the
51   current year by one (1) year; minus

1   (B) the school corporation's ADM for the current year.
2   STEP EIGHT: Determine the sum of the following:
3   (A) The STEP TWO result multiplied by two-tenths (0.2).
4   (B) The STEP FOUR result multiplied by four-tenths (0.4).
5   (C) The STEP SIX result multiplied by six-tenths (0.6).
6   (D) The STEP SEVEN result multiplied by eight-tenths (0.8).
7   STEP NINE: Determine the result of:
8   (A) the school corporation's ADM for the current year; plus
9   (B) the STEP EIGHT result.
10   STEP TEN: This STEP applies to a school corporation for which
11   the amount determined under STEP EIGHT is zero (0). Determine
12   the sum of:
13   (A) the school corporation's ADM for the 2003 school year; plus
14   (B) the subsection (b) or (c) result, whichever is applicable.
15   Round the result to the nearest five-tenths (0.5).
16   (b) This subsection applies during the 2004 calendar year to a school
17   corporation described in subsection (a) STEP ~~SIX.~~ **TEN.** Determine the
18   result under the following formula:
19   STEP ONE: Determine the difference between:
20   (A) the school corporation's ADM for the 2004 school year;
21   minus
22   (B) the school corporation's ADM for the 2003 school year.
23   STEP TWO: Determine the greater of zero (0) or the STEP ONE
24   amount.
25   STEP THREE: Determine the product of:
26   (A) the STEP TWO amount; multiplied by
27   (B) two-thousandths (0.002).
28   STEP FOUR: Determine the lesser of the following:
29   (A) The STEP THREE amount.
30   (B) Seventy-five hundredths (0.75).
31   STEP FIVE: Determine the product of:
32   (A) the STEP ONE amount; multiplied by
33   (B) the STEP FOUR amount.
34   (c) This subsection applies during the 2005 calendar year to a school
35   corporation described in subsection (a) STEP ~~SIX.~~ **TEN.** Determine the
36   result under the following formula:
37   STEP ONE: Determine the difference between:
38   (A) the school corporation's ADM for the 2005 school year;
39   minus
40   (B) the school corporation's ADM for the 2004 school year.
41   STEP TWO: Determine the greater of zero (0) or the STEP ONE
42   amount.
43   STEP THREE: Determine the product of:
44   (A) the STEP TWO amount; multiplied by
45   (B) two-thousandths (0.002).
46   STEP FOUR: Determine the lesser of the following:
47   (A) The STEP THREE amount.
48   (B) Seventy-five hundredths (0.75).
49   STEP FIVE: Determine the product of:
50   (A) the STEP ONE amount; multiplied by
51   (B) the STEP FOUR amount.

1   STEP SIX: Determine the subsection (b) amount.
2   STEP SEVEN: Determine the sum of:
3   (A) the STEP FIVE result; plus
4   (B) the STEP SIX result.
5   **(d) For a charter school whose current ADM is at least fifteen**
6   **percent (15%) greater than the charter school's ADM of the**
7   **previous year, the charter school's adjusted ADM for purposes of**
8   **this section is the charter school's current ADM.**
9   SECTION 29. IC 21-3-1.7-6.7, AS AMENDED BY HEA 1001-2003,
10   SECTION 160, IS AMENDED TO READ AS FOLLOWS
11   [EFFECTIVE JULY 1, 2003]: Sec. 6.7. (a) This subsection applies
12   during the 2003 calendar year. For each school corporation **that is not**
13   **a charter school,** the index used in subsection ~~(c)~~ **(d)** is determined
14   under the following STEPS:
15   STEP ONE: Determine the greater of zero (0) or the result of the
16   following:
17   (1) Multiply the school corporation's at risk index by twenty-five
18   hundredths (0.25).
19   (2) Divide the result under subdivision (1) by three thousand
20   seven hundred thirty-six ten-thousandths (0.3736).
21   (3) Subtract three hundred ninety-five ten-thousandths (0.0395)
22   from the result under subdivision (2).
23   STEP TWO: Determine the greater of zero (0) or the result of the
24   following:
25   (1) Multiply the percentage of the school corporation's students
26   who were eligible for free lunches in the school year ending in
27   2001 by twenty-five hundredths (0.25).
28   (2) Divide the result under subdivision (1) by seven hundred
29   twenty-three thousandths (0.723).
30   STEP THREE: Determine the greater of zero (0) or the result of
31   the following:
32   (1) Multiply the percentage of the school corporation's students
33   who were classified as limited English proficient in the school
34   year ending in 2000 by twenty-five hundredths (0.25).
35   (2) Divide the result under subdivision (1) by one thousand
36   seven hundred fifteen ten-thousandths (0.1715).
37   STEP FOUR: Determine the result of:
38   (1) the sum of the results in STEPS ONE through THREE;
39   divided by
40   (2) three (3).
41   STEP FIVE: Determine the result of one (1) plus the STEP FOUR
42   result.
43   (b) This subsection applies to calendar years beginning after
44   December 31, 2003. For each school corporation **that is not a charter**
45   **school,** the index used in subsection ~~(d)~~ **(e)** is determined under the
46   following STEPS:
47   STEP ONE: Determine the greater of zero (0) or the result of the
48   following:
49   (1) Determine the percentage of the population in the school
50   corporation who are at least twenty (20) years of age with less
51   than a twelfth grade education.

1   (2) Determine the quotient of:
2   (A) eight hundred seventy dollars ($870) in 2004 and nine
3   hundred seventy dollars ($970) in 2005; divided by
4   (B) four thousand three hundred fifty dollars ($4,350) in 2004
5   and four thousand three hundred sixty-eight dollars ($4,368)
6   in 2005.
7   (3) Determine the product of:
8   (A) the subdivision (1) amount; multiplied by
9   (B) the subdivision (2) amount.
10   STEP TWO: Determine the greater of zero (0) or the result of the
11   following:
12   (1) Determine the percentage of the school corporation's students
13   who were eligible for free lunches in the school year ending in
14   2003.
15   (2) Determine the quotient of:
16   (A) one thousand one hundred dollars ($1,100) in 2004 and
17   one thousand two hundred dollars ($1,200) in 2005; divided
18   by
19   (B) four thousand three hundred fifty dollars ($4,350) in 2004
20   and four thousand three hundred sixty-eight dollars ($4,368)
21   in 2005.
22   (3) Determine the product of:
23   (A) the subdivision (1) amount; multiplied by
24   (B) the subdivision (2) amount.
25   STEP THREE: Determine the greater of zero (0) or the result of
26   the following:
27   (1) Determine the percentage of the school corporation's students
28   who were classified as limited English proficient in the school
29   year ending in 2003.
30   (2) Determine the quotient of:
31   (A) three hundred ten dollars ($310) in 2004 and four hundred
32   thirty dollars ($430) in 2005; divided by
33   (B) four thousand three hundred fifty dollars ($4,350) in 2004
34   and four thousand three hundred sixty-eight dollars ($4,368)
35   in 2005.
36   (3) Determine the product of:
37   (A) the subdivision (1) amount; multiplied by
38   (B) the subdivision (2) amount.
39   STEP FOUR: Determine the greater of zero (0) or the result of the
40   following:
41   (1) Determine the percentage of families in the school
42   corporation with a single parent.
43   (2) Determine the quotient of:
44   (A) four hundred forty dollars ($440) in 2004 and five hundred
45   thirty dollars ($530) in 2005; divided by
46   (B) four thousand three hundred fifty dollars ($4,350) in 2004
47   and four thousand three hundred sixty-eight dollars ($4,368)
48   in 2005.
49   (3) Determine the product of:
50   (A) the subdivision (1) amount; multiplied by
51   (B) the subdivision (2) amount.

STEP FIVE: Determine the greater of zero (0) or the result of the
following:
  (1) Determine the percentage of families in the school
  corporation with children who are less than eighteen (18) years
  of age and who have a family income level below the federal
  income poverty level (as defined in IC 12-15-2-1).
  (2) Determine the quotient of:
    (A) two hundred twenty dollars ($220) in 2004 and three
    hundred thirty dollars ($330) in 2005; divided by
    (B) four thousand three hundred fifty dollars ($4,350) in 2004
    and four thousand three hundred sixty-eight dollars ($4,368)
    in 2005.
  (3) Determine the product of:
    (A) the subdivision (1) amount; multiplied by
    (B) the subdivision (2) amount.
STEP SIX: Determine the sum of the results in STEPS ONE
through FIVE.
STEP SEVEN: Determine the result of one (1) plus the STEP SIX
result.
STEP EIGHT: This STEP applies if the STEP SEVEN result is
equal to or greater than one and twenty-five hundredths (1.25).
Determine the result of the following:
  (1) Determine the STEP TWO (1) amount for the school
  corporation.
  (2) Determine the quotient of:
    (A) one hundred fifty dollars ($150); divided by
    (B) four thousand three hundred fifty dollars ($4,350) in 2004
    and four thousand three hundred sixty-eight dollars ($4,368)
    in 2005.
  (3) Determine the product of:
    (A) the subdivision (1) amount; multiplied by
    (B) the subdivision (2) amount.
  (4) Determine the STEP FIVE (1) amount for the school
  corporation.
  (5) Determine the product of:
    (A) the subdivision (4) amount; multiplied by
    (B) the subdivision (2) amount.
  (6) Determine the result of:
    (A) the subdivision (3) result; plus
    (B) the subdivision (5) result.
  (7) Determine the result of:
    (A) the STEP SEVEN result; plus
    (B) the subdivision (6) result.
The data to be used in making the calculations under STEP ONE,
STEP FOUR, and STEP FIVE of this subsection must be the data from
the 2000 federal decennial census.
  (c) **For each charter school, the index used in section (d) or (e) is
the index determined under subsection (a) or (b) for the school
corporation in which the charter school is located.**
  (d) This subsection applies to calendar years ending before January
1, 2004. A school corporation's target revenue per ADM for a calendar

1 year is the result determined under STEP SIX of the following formula:
2 STEP ONE: Determine the result under clause (B) of the following
3 formula:
4   (A) Determine the result of:
5   (i) four thousand five hundred sixty dollars ($4,560);
6   multiplied by
7   (ii) the index determined for the school corporation under
8   subsection (a) **or (c), as applicable.**
9   (B) Multiply the clause (A) result by the school corporation's
10   adjusted ADM for the current year.
11 STEP TWO: Divide the school corporation's previous year revenue
12 by the school corporation's adjusted ADM for the previous year.
13 STEP THREE: Multiply the ~~subsection (a) STEP FIVE result~~
14 **index determined under subsection (a) or (c), as applicable,** by
15 the following:
16   (A) If the STEP TWO result is not more than four thousand five
17   hundred sixty dollars ($4,560), multiply by ninety dollars ($90).
18   (B) If the STEP TWO result is more than four thousand five
19   hundred sixty dollars ($4,560) and not more than five thousand
20   eight hundred twenty-five dollars ($5,825), multiply by the result
21   under clause (C).
22   (C) Determine the result of **the following:**
23   (i) The STEP TWO result minus four thousand five hundred
24   sixty dollars ($4,560).
25   (ii) Divide the item (i) result by one thousand two hundred
26   sixty-five dollars ($1,265).
27   (iii) Multiply the item (ii) result by forty dollars ($40).
28   (iv) Subtract the item (iii) result from ninety dollars ($90).
29   (D) If the STEP TWO result is more than five thousand eight
30   hundred twenty-five dollars ($5,825), multiply by fifty dollars
31   ($50).
32 STEP FOUR: Add the STEP TWO result and the STEP THREE
33 result.
34 STEP FIVE: Determine the greatest of the following:
35   (A) Multiply the STEP FOUR result by the school corporation's
36   adjusted ADM for the current year.
37   (B) Multiply the school corporation's previous year revenue by
38   one and two-hundredths (1.02).
39   (C) The STEP ONE amount.
40 STEP SIX: Divide the STEP FIVE amount by the school
41 corporation's adjusted ADM for the current year.
42 ~~(d)~~ **(e)** This subsection applies to calendar years beginning after
43 December 31, 2003. A school corporation's target revenue per ADM
44 for a calendar year is the result determined under STEP ~~EIGHT~~ **NINE**
45 of the following formula:
46 STEP ONE: Determine the result under clause (B) of the following
47 formula:
48   (A) Determine the result of:
49   (i) four thousand three hundred fifty dollars ($4,350) in 2004
50   and four thousand three hundred sixty-eight dollars ($4,368)
51   in 2005; multiplied by

1   (ii) the index determined for the school corporation under
2   subsection (b) **or (c), as applicable.**
3   (B) Multiply the clause (A) result by the school corporation's
4   adjusted ADM for the current year.
5   STEP TWO: Determine the result under the following formula:
6   (A) Determine the quotient of:
7   (i) the school corporation's previous year revenue; divided by
8   (ii) the school corporation's ADM for the previous year.
9   (B) Determine the product of:
10   (i) the clause (A) amount; multiplied by
11   (ii) one and two-hundredths (1.02).
12   (C) Determine the product of:
13   (i) the clause (B) amount; multiplied by
14   (ii) the school corporation's current ADM.
15   STEP THREE: Determine the result under the following formula:
16   (A) Determine the product of:
17   (i) the STEP TWO clause (A) amount; multiplied by
18   (ii) ninety-eight hundredths (0.98).
19   (B) Determine the product of:
20   (i) the clause (A) amount; multiplied by
21   (ii) the school corporation's current ADM.
22   STEP FOUR: Determine the lesser of:
23   (A) the STEP ONE amount; or
24   (B) the STEP TWO amount.
25   STEP FIVE: Determine the greater of:
26   (A) the STEP THREE amount; or
27   (B) the STEP FOUR amount.
28   STEP SIX: Divide the school corporation's previous year revenue
29   by the school corporation's adjusted ADM for the previous year.
30   STEP SEVEN: Determine the product of:
31   (A) the STEP SIX result; multiplied by
32   (B) the school corporation's current adjusted ADM.
33   STEP EIGHT: Determine the greatest of the following:
34   (A) The product of:
35   (i) the school corporation's previous year revenue; multiplied
36   by
37   (ii) one and one-hundredth (1.01).
38   (B) The STEP FIVE amount.
39   (C) The STEP SEVEN amount.
40   STEP NINE: Determine the quotient of:
41   (A) the STEP EIGHT amount; divided by
42   (B) the school corporation's current adjusted ADM.
43   SECTION 30. IC 21-3-1.7-6.8, AS AMENDED BY HEA 1001-2003,
44   SECTION 161, IS AMENDED TO READ AS FOLLOWS
45   [EFFECTIVE JULY 1, 2003]: Sec. 6.8. (a) **This section does not**
46   **apply to a charter school.**
47   **(b)** This subsection does not apply after December 31, 2003. A
48   school corporation's target general fund property tax rate for purposes
49   of IC 6-1.1-19-1.5 is the result determined under STEP THREE of the
50   following formula:
51   STEP ONE: This STEP applies only if the amount determined in

STEP FIVE of the formula in section ~~6.7(c)~~ **6.7(d)** of this chapter minus the result determined in STEP ONE of the formula in section ~~6.7(c)~~ **6.7(d)** of this chapter is greater than zero (0). Determine the result under clause (E) of the following formula:

    (A) Divide the school corporation's 2002 assessed valuation by the school corporation's current ADM.

    (B) Divide the clause (A) result by ten thousand (10,000).

    (C) Determine the greater of the following:

      (i) The clause (B) result.

      (ii) Thirty-nine dollars ($39) in 2002 and thirty-nine dollars and seventy-five cents ($39.75) in 2003.

    (D) Determine the result determined under item (ii) of the following formula:

      (i) Subtract the result determined in STEP ONE of the formula in section ~~6.7(c)~~ **6.7(d)** of this chapter from the amount determined in STEP FIVE of the formula in section ~~6.7(c)~~ **6.7(d)** of this chapter.

      (ii) Divide the item (i) result by the school corporation's current ADM.

    (E) Divide the clause (D) result by the clause (C) result.

    (F) Divide the clause (E) result by one hundred (100).

STEP TWO: This STEP applies only if the amount determined in STEP FIVE of the formula in section ~~6.7(c)~~ **6.7(d)** of this chapter is equal to STEP ONE of the formula in section ~~6.7(c)~~ **6.7(d)** of this chapter and the result of clause (A) is greater than zero (0). Determine the result under clause (G) of the following formula:

    (A) Add the following:

      (i) An amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

      (ii) The portion of the maximum general fund levy for the year that equals the original amount of the levy imposed by the school corporation to cover the costs of opening a new school facility during the preceding year.

    (B) Divide the clause (A) result by the school corporation's current ADM.

    (C) Divide the school corporation's 2002 assessed valuation by the school corporation's current ADM.

    (D) Divide the clause (C) result by ten thousand (10,000).

    (E) Determine the greater of the following:

      (i) The clause (D) result.

      (ii) Thirty-nine dollars ($39) in 2002 and thirty-nine dollars and seventy-five cents ($39.75) in 2003.

    (F) Divide the clause (B) result by the clause (E) amount.

    (G) Divide the clause (F) result by one hundred (100).

STEP THREE: Determine the sum of

    (A) ninety-one and eight-tenths cents ($0.918) in 2002; and

    (B) ninety-five and eight-tenths cents ($0.958) in 2003; and

if applicable, the STEP ONE or STEP TWO result.

~~(b)~~ **(c)** This subsection applies to calendar years beginning after

1   December 31, 2004. A school corporation's target general fund
2   property tax rate for purposes of IC 6-1.1-19-1.5 is the result
3   determined under STEP FOUR of the following formula:
4   STEP ONE: Determine the amount determined for the school
5   corporation in STEP ONE of the formula in section ~~6.7(d)~~ **6.7(e)**
6   of this chapter.
7   STEP TWO: This STEP applies only if the amount determined in
8   STEP EIGHT of the formula in section ~~6.7(d)~~ **6.7(e)** of this chapter
9   minus the STEP ONE result is greater than zero (0). Determine the
10   result under clause (E) of the following formula:
11   (A) Divide the school corporation's assessed valuation by the
12   school corporation's current ADM.
13   (B) Divide the clause (A) result by ten thousand (10,000).
14   (C) Determine the greater of the following:
15   (i) The clause (B) result.
16   (ii) Forty-three dollars and sixty-five cents ($43.65).
17   (D) Determine the result determined under item (ii) of the
18   following formula:
19   (i) Subtract the STEP ONE result from the amount determined
20   in STEP EIGHT of the formula in section ~~6.7(d)~~ **6.7(e)** of this
21   chapter.
22   (ii) Divide the item (i) result by the school corporation's
23   current ADM.
24   (E) Divide the clause (D) result by the clause (C) result.
25   (F) Divide the clause (E) result by one hundred (100).
26   STEP THREE: This STEP applies only if the amount determined
27   in STEP EIGHT of the formula in section ~~6.7(d)~~ **6.7(e)** of this
28   chapter is equal to the STEP ONE result and the result of clause
29   (A) is greater than zero (0). Determine the result under clause (G)
30   of the following formula:
31   (A) Add the following:
32   (i) An amount equal to the annual decrease in federal aid to
33   impacted areas from the year preceding the ensuing calendar
34   year by three (3) years to the year preceding the ensuing
35   calendar year by two (2) years.
36   (ii) The part of the maximum general fund levy for the year
37   that equals the original amount of the levy imposed by the
38   school corporation to cover the costs of opening a new school
39   facility during the preceding year.
40   (B) Divide the clause (A) result by the school corporation's
41   current ADM.
42   (C) Divide the school corporation's assessed valuation by the
43   school corporation's current ADM.
44   (D) Divide the clause (C) result by ten thousand (10,000).
45   (E) Determine the greater of the following:
46   (i) The clause (D) result.
47   (ii) Forty-three dollars and sixty-five cents ($43.65).
48   (F) Divide the clause (B) result by the clause (E) amount.
49   (G) Divide the clause (F) result by one hundred (100).
50   STEP FOUR: Determine the sum of sixty-three and seven-tenths
51   cents ($0.637) and, if applicable, the STEP TWO or STEP THREE

1   result.
2   (c) For the calendar year beginning January 1, 2004, and ending
3   December 31, 2004, a school corporation's general fund ad valorem
4   property tax levy is determined under IC 6-1.1-19-1.5(g).
5   SECTION 31. IC 21-3-1.7-8.2, AS ADDED BY HEA 1001-2003,
6   SECTION 162, IS AMENDED TO READ AS FOLLOWS
7   [EFFECTIVE JULY 1, 2003]: Sec. 8.2. (a) As used in this section,
8   "transfer amount" means the product of:
9   (1) a school corporation's assessed valuation for calendar year
10   2002 divided by one hundred (100); multiplied by
11   (2) the lesser of:
12   (A) three hundred twenty-eight ten-thousandths (0.0328); or
13   (B) the school corporation's capital projects fund tax rate for
14   calendar year 2002 multiplied by five-tenths (0.5).
15   (b) This subsection applies to calendar years ending before January
16   1, 2004. Notwithstanding IC 21-3-1.6 and subject to section 9 of this
17   chapter, the state distribution for a calendar year for tuition support for
18   basic programs for each school corporation equals the result
19   determined using the following formula:
20   STEP ONE:
21   (A) For a school corporation not described in clause (B),
22   determine the school corporation's result under STEP FIVE of
23   section 6.7(c) **6.7(d)** of this chapter for the calendar year.
24   (B) For a school corporation that has target revenue per adjusted
25   ADM for a calendar year that is equal to the amount under STEP
26   ONE (A) of section 6.7(c) **6.7(d)** of this chapter, determine the
27   sum of:
28   (i) the school corporation's result under STEP ONE of section
29   6.7(c) **6.7(d)** of this chapter for the calendar year; plus
30   (ii) the amount of the annual decrease in federal aid to
31   impacted areas from the year preceding the ensuing calendar
32   year by three (3) years to the year preceding the ensuing
33   calendar year by two (2) years; plus
34   (iii) the part of the maximum general fund levy for the year
35   that equals the original amount of the levy imposed by the
36   school corporation to cover the costs of opening a new school
37   facility during the preceding year.
38   STEP TWO: Determine the sum of:
39   (A) the school corporation's tuition support levy;
40   (B) the school corporation's excise tax revenue for the year that
41   precedes the current year by one (1) year;
42   (C) for the last six (6) months of calendar year 2002, the school
43   corporation's transfer amount; plus
44   (D) for the first six (6) months of calendar year 2003, the school
45   corporation's transfer amount.
46   **The amount determined under this STEP for a charter school**
47   **is zero (0).**
48   STEP THREE: Determine the difference between:
49   (A) the STEP ONE amount; minus
50   (B) the **applicable** STEP TWO **or STEP THREE** amount.
51   (c) This subsection applies to calendar years beginning after

1   December 31, 2003. Notwithstanding IC 21-3-1.6 and subject to
2   section 9 of this chapter, the state distribution for a calendar year for
3   tuition support for basic programs for each school corporation equals
4   the result determined using the following formula:
5   STEP ONE:
6   (A) For a school corporation not described in clause (B),
7   determine the school corporation's result under STEP ~~FIVE~~
8   **EIGHT** of section ~~6.7(d)~~ **6.7(e)** of this chapter for the calendar
9   year.
10   (B) For a school corporation that has target revenue per adjusted
11   ADM for a calendar year that is equal to the amount under STEP
12   ONE (A) of section ~~6.7(d)~~ **6.7(e)** of this chapter, determine the
13   sum of:
14   (i) the school corporation's result under STEP ONE of section
15   ~~6.7(f)~~ **6.7(e)** of this chapter for the calendar year; plus
16   (ii) the amount of the annual decrease in federal aid to
17   impacted areas from the year preceding the ensuing calendar
18   year by three (3) years to the year preceding the ensuing
19   calendar year by two (2) years; plus
20   (iii) the part of the maximum general fund levy for the year
21   that equals the original amount of the levy imposed by the
22   school corporation to cover the costs of opening a new school
23   facility during the preceding year.
24   STEP TWO: **This STEP applies to a school corporation that is**
25   **not a charter school.** Determine the sum of:
26   (A) the school corporation's tuition support levy; plus
27   (B) the school corporation's excise tax revenue for the year that
28   precedes the current year by one (1) year.
29   STEP THREE: **This STEP applies to a charter school.**
30   **Determine the product of:**
31   **(A) the amount determined under STEP EIGHT of section**
32   **6.7(e) of this chapter for the charter school; multiplied by**
33   **(B) thirty-five hundredths (0.35).**
34   **STEP FOUR:** Determine the difference between:
35   (A) the STEP ONE amount; minus
36   (B) the STEP TWO **or STEP THREE** amount, **as applicable.**
37   (d) If the state tuition support determined for a school corporation
38   under this section is negative, the school corporation is not entitled to
39   any state tuition support. In addition, the school corporation's
40   maximum general fund levy under IC 6-1.1-19-1.5 shall be reduced by
41   the amount of the negative result.
42   SECTION 32. IC 21-3-1.7-9.5, AS AMENDED BY HEA 1001-2003,
43   SECTION 164, IS AMENDED TO READ AS FOLLOWS
44   [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 9.5. (a) **As**
45   **used in this section, "school corporation" includes:**
46   **(1) a conversion charter school; and**
47   **(2) beginning in the second calendar year after the calendar**
48   **year in which a nonconversion charter school begins its initial**
49   **operation, a nonconversion charter school.**
50   **(b)** In addition to the distribution under sections 8.2, 9.7, 9.8, and 9.9
51   of this chapter, a school corporation is eligible for an enrollment

adjustment grant if the school corporation's:
1. current ADM minus the school corporation's previous year
   ADM is at least two hundred fifty (250); or
2. current ADM divided by the school corporation's previous year
   ADM is at least one and five-hundredths (1.05).
~~(b)~~ **(c)** The amount of the enrollment adjustment grant is the amount
determined in STEP THREE of the following formula:
   STEP ONE: Determine the school corporation's target revenue per
   ADM divided by three (3).
   STEP TWO: Determine the result of the school corporation's
   current ADM minus the school corporation's previous year ADM.
   STEP THREE: Multiply the STEP ONE result by the STEP TWO
   result.
~~(c)~~ **(d)** Notwithstanding any other provision, for purposes of
computing the amount of a grant under this section, "ADM" does not
include an eligible pupil who is described in IC 21-3-1.6-1.2(a).
   SECTION 33. IC 21-3-3.1-0.5 IS ADDED TO THE INDIANA
CODE AS A **NEW** SECTION TO READ AS FOLLOWS
[EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 0.5. As
used in this chapter, "school corporation" does not include a
charter school.**
   SECTION 34. IC 21-3-12-1.5 IS ADDED TO THE INDIANA CODE
AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
JANUARY 1, 2002 (RETROACTIVE)]: **Sec. 1.5. As used in this
chapter, "school corporation" includes a charter school.**
   SECTION 35. IC 20-5.5-7-2 IS REPEALED [EFFECTIVE
JANUARY 1, 2002 (RETROACTIVE)].
   SECTION 36. [EFFECTIVE UPON PASSAGE] **(a) An advance to
a charter school from the department education that is financed by
a transfer by the state board of finance from the abandoned
property fund established in IC 32-34-1-33 is forgiven.
   (b) This SECTION expires June 30, 2005.**
   SECTION 37. [EFFECTIVE JANUARY 1, 2003 (RETROACTIVE)]
**(a) This SECTION applies only to Campagna Academy Charter
School.
   (b) Notwithstanding IC 21-3-1.6-1.1(l), as amended by this act,
the at risk index for Campagna Academy Charter School equals
the weighted average of the at risk indices for the school
corporations in which the students who attend Campagna
Academy Charter School have legal settlement.
   (c) Notwithstanding IC 21-3-1.7-6.7(b), as amended by this act,
the index for purposes of IC 21-3-1.7-6.7(c) for Campagna
Academy Charter School equals the weighted average of the
indices determined under IC 21-3-1.7-6.7(a) for the school
corporations in which the students who attend Campagna
Academy Charter School have legal settlement.
   (d) This SECTION expires June 30, 2005.**
   SECTION 38. [EFFECTIVE UPON PASSAGE] **To the extent
possible, if there is a conflict between this act and the provisions of
any other act, it is the intent of the general assembly that:
   (1) charter schools be funded under the same formula as other**

1　　　 **school corporations to the extent of the conflict;**
2　　　　 **(2) the two (2) acts be read together consistently and**
3　　　　 **harmoniously; and**
4　　　　 **(3) the policies in both acts be implemented into law.**
5　　　 SECTION 39. [EFFECTIVE UPON PASSAGE] **(a)**
6　　　 **Notwithstanding the effective dates of the provisions in HEA**
7　　　 **1001(2003) and this act, and excluding the provisions of this act**
8　　　 **that are applied retroactively to January 1, 2002, for the purposes**
9　　　 **of calculating and distributing tuition support and other state**
10　　 **funding to school corporations, including charter schools, the**
11　　 **provisions in HEA 1001(2003) and this act shall be applied**
12　　 **retroactively to January 1, 2003.**
13　　　 **(b) It is the intent of the general assembly that charter schools**
14　　 **and affected school corporations be funded after December 31,**
15　　 **2002, in conformity with school funding formulas in HEA**
16　　 **1001(2003) as enhanced by the provisions of this act. To the extent**
17　　 **that a cross reference or an effective date in this act is inconsistent**
18　　 **with this intent or in conflict with HEA 1001(2003), the provisions**
19　　 **shall be harmonized to effectuate the intent expressed in this**
20　　 **SECTION. The legislative services agency shall prepare legislation**
21　　 **for introduction in the 2004 session of the general assembly to**
22　　 **correct the statutory law to be in conformity with this SECTION.**
23　　　 SECTION 40. **An emergency is declared for this act.**
　　　　 (Reference is to ESB 501 as printed April 7, 2003.)

Conference Committee Report
on
Engrossed Senate Bill 501

S igned by:

_____
Senator Lubbers
Chairperson

_____
Representative Porter

_____
Senator Rogers

_____
Representative Behning

Senate Conferees

House Conferees